

REMARKS

Claims 1, 2 6-11, 16, 17, 22, 25 and 26 are pending in this application, with Claims 1 and 22 being the independent claims under consideration. Claims 16-17 and 25-26 are withdrawn from further consideration.

Claims 3-5 have been cancelled without prejudice to or disclaimer of the subject matter presented therein.

Claims 1, 2, 6-11 and 22 have been amended. Applicant submits that support for these amendments can be found in the original disclosure at least, for example, in the description of the second embodiment, and therefore no new matter has been added.

Claim 1-6, 10-11 and 22 were rejected under 35 U.S.C. 102 as being anticipated by U.S. Patent No. 6,449,380 B1 (Acharya et al.). Claim 7 was rejected under 35 U.S.C. 103(a) as being unpatentable over Acharya et al. in view of U.S. Patent No. 6,141,753 (Zhao et al.). Claims 8 and 9 were rejected under 35 U.S.C. 103(a) as being unpatentable over Acharya et al. in view of U.S. Patent No. 6,707,774 (Kuroda et al.). Applicant respectfully traverses these rejections for the reasons discussed below.

As recited in independent Claim 1, the present invention is directed to a system having a server and a terminal in communication with each other. The server recited in Claim 1 includes, *inter alia*, a server that has units for segmenting content into a plurality of partial contents, embedding a digital watermark in at least one partial content, primarily encrypting the watermarked partial content to obtain primarily encrypted partial content, and transmitting the primarily encrypted partial content, and other partial contents in which a watermark is not embedded, to the terminal. As recited in Claim 1, the terminal includes units for secondarily encrypting the primarily encrypted partial content to obtain double encrypted partial content and transmitting the double encrypted partial content to the server. As further recited in Claim 1, the server also includes units for primarily decrypting the double encrypted partial content to obtain secondarily encrypted partial content and transmitting the secondarily encrypted partial content to the terminal, and the terminal also includes units secondarily

content in which the digital watermark is embedded and which is not encrypted, and synthesizing the watermarked plain partial content and the other partial contents transmitted from the server that do not contain a watermark.

According to the claimed features of Claim 1, the server and the terminal have shared roles. Since the functions of segmentation and embedding a watermark are performed by the server, the server can segment the content into a plurality of partial contents with reference to a characteristic of the content for embedding a watermark and distribute digital content with less deterioration. For example, if a watermark is embedded in a partial content having a low spatial frequency, deterioration of the watermarked partial content is highly visible. In contrast, deterioration of the partial content caused by embedding the watermark is not very visible if the watermark is embedded in a partial content having a high spatial frequency. Hence, according to the claimed features, by having the server segment the content and embed a watermark in partial content, the digital watermark can be embedded in the content with less deterioration than in a system in which a server merely distributes digital content in which a digital watermark is embedded.

Moreover, due to the features recited in Claim 1, the system ensures secure communication between the server and the terminal when digital content is distributed to the terminal from the server. In particular, the content is transmitted without transmitting an encryption key.

In contrast, Applicant submits that Acharya et al. merely discloses encryption of watermark information, compression of an image, and combination of the encrypted watermark information with the compressed image. Although Acharya et al discloses encryption of the watermark, it fails to disclose sharing of roles between the server and the terminal as recited in Claim 1.

The other cited documents also fail to disclose or suggest the features recited in Claim 1.

Accordingly, Applicant submits that the present invention recited in independent Claim 1 is patentable over the art of record. Independent Claim 22 is a method claim corresponding to Claim 1 and is believed patentable for reasons similar to Claim 1.

The dependent claims are believed patentable for at least the same reasons as their respective independent claims, as well as for the additional features they recite.

In view of the above amendments and remarks, this application is believed to be in allowable form. Therefore, early passage to issue is respectfully solicited.

Applicant's undersigned attorney may be reached in our Washington, D.C. office by telephone at (202) 530-1010. All correspondence should continue to be directed to our below-listed address.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. L. Klock', is written over a horizontal line.

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